

Kennecott
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Cindy S. Emmons
Director, Environmental Affairs

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DIVISION OF
OIL GAS & MINING

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Kennecott

April 24, 1991

Mr. Lowell P. Braxton
Associate Director, Mining
State of Utah Dept. of Natural Resources
Division of Oil, Gas and Mining
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203

Subject: Pine Canyon Reclamation Contract

Dear Mr. Braxton:

Kennecott has proposed alternative language for the reclamation contract proposed by the State for Pine Canyon. Mr. Earl Tingey of our legal staff has previously been in contact with Mr. Greg Williams to discuss Kennecott's comments on the contract. Mr. Tingey has left Kennecott, but it is our understanding that Mr. Williams was to respond by providing a revised draft contract. To date we have not received that contract. Kennecott's comments are outlined below; we are interested in resolving this issue as soon as possible.

1. The previous form MR5 allowed for reduction in the bond if portions of the project were reclaimed. The new contract should also include such a provision.
2. We do not understand the import of Item 3. On its face it would require Kennecott to pay any claims, irrespective of their merit, and waive the right to have disputed claims adjudicated. Although this would not be acceptable, we cannot believe this is the expected meaning. Please explain.
3. The contract should cover any approved amendments to the Notice of Intent automatically.
4. Item 7 should be changed to read, "Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and **reasonable** discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules".

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5. Item 9 should be changed to read, "If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including **reasonable** attorneys fees and costs incurred by the Division and/or the Board in the enforcement of this Contract".
6. Item 10 should be changed to read, "Any **material** breach of the provisions, result in an order to cease mining operations. After opportunity for notice and hearing, the Division, or Board, as appropriate, may revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety, or take such other action as it authorized by law".

Please advise how to proceed concerning Kennecott's suggested changes. Once an agreed contract language is available, Kennecott will proceed with submittal of the contract and bond documentation. I look forward to resolution of this item.

Sincerely,



Cindy S. Emmons
Director, Environmental Affairs

CSE:bt

cc: R. A. Lonergan